



**NORTHSTAR**  
CLEAN TECHNOLOGIES



**BINDING TERM SHEET**

**Northstar Clean Technologies Inc. and McAsphalt Industries Ltd.**

**Date: September 28, 2022**

*This Term Sheet is a legally binding obligation between the parties, and the first step towards a definitive agreement to be negotiated and executed by the parties, with such execution subject to the parties' internal approval process being completed and Northstar's committed and available of funding for the Calgary Facility (defined below).*

<b>1</b>	<b>Parties</b>	Northstar Clean Technologies (" <b>Northstar</b> ") and McAsphalt Industries Ltd. (" <b>McAsphalt</b> ") [each a " <b>Party</b> " or together the " <b>Parties</b> "]
<b>2</b>	<b>Northstar Facility</b>	<ul style="list-style-type: none"> <li>• Northstar has developed a proprietary clean technology that enables it to extract liquid asphalt (the "<b>Product</b>") as well as aggregate, fiber, and fiberglass strands ("<b>Constituent Components</b>") from asphalt shingles that would otherwise be sent to a landfill.</li> <li>• Northstar will be building and operating an asphalt shingle reprocessing facility in Rocky View County near Calgary, Alberta (the "<b>Calgary Facility</b>") through its subsidiary, Empower Environmental Solutions Calgary Ltd.</li> <li>• Calgary Facility will be functional and ready to deliver Product as per the Commercial Operation Date.</li> </ul>
<b>3</b>	<b>Term</b>	Five-year term which shall be renewed automatically for succeeding terms of three (3) years each unless either Party gives written notice to the other Party at least one hundred and eighty days (180) prior to the expiration of any Term of its intention not to renew (" <b>Term</b> " includes both the initial term and any renewal terms)
<b>4</b>	<b>Price of Product</b>	The price of Northstar's Product, per metric tonne, paid by McAsphalt (" <b>Purchase Price</b> ") will be calculated per Appendix A. All prices in this Term Sheet are in Canadian dollars unless otherwise stated.

5	<b>Product Specification</b>	<p>The Product produced at the Calgary Facility will meet agreed specifications (the “<b>Product Specification</b>”).</p> <ul style="list-style-type: none"> <li>• Product Specification to be determined and defined in Appendix B</li> <li>• Product Specification QA / QC to be defined and detailed per Appendix B</li> </ul>
6	<b>Commercial Operation Date</b>	<p>The Term of the take or pay period does not start until it is agreed, in writing by both parties, that the Calgary Facility Infrastructure (defined in Appendix C) is fully commercially operational (“Commercial Operation Date”).</p> <p>The definitive agreement will govern the design, construction and commissioning phase of the Calgary Facility and Calgary Facility Infrastructure (defined in Appendix C). Northstar will regularly give updates to McAsphalt on the schedule of the project and will promptly inform McAsphalt of any event or circumstances that would delay its progress.</p>
7	<b>Commissioning Period</b>	<p>The period before the Commercial Operation Date (the “<b>Commissioning Period</b>”)</p> <ul style="list-style-type: none"> <li>• McAsphalt to pay for sample Product and meet mutually agreed scheduled deliveries.</li> <li>• Northstar will provide timely updates to McAsphalt as to the progress of the commissioning of the Calgary Facility and Calgary Facility Infrastructure (defined in Appendix C).</li> </ul>
8	<b>Product Ownership and Delivery location</b>	<ul style="list-style-type: none"> <li>• Ownership and risk of loss for Northstar Product remains at all times with Northstar.</li> <li>•</li> </ul>
9	<b>Nominations Schedule</b>	<ul style="list-style-type: none"> <li>• Northstar will provide McAsphalt with its forecast Products delivery nominations and schedule for each calendar year (the “<b>Annual Production Nomination</b>”) no later than the immediately preceding November 30. Northstar will also provide McAsphalt with its updated forecast Products delivery nominations, schedule, and deadlines for each calendar quarter (the “<b>Quarterly Production Nomination</b>”) no later than thirty (30) days prior to the beginning of such quarter. Both Parties acknowledge and agree that actual production and sale volumes and schedules may vary significantly from forecasts and so McAsphalt personnel and Northstar personnel will interact frequently to optimize management of actual volumes of Products.</li> <li>• Northstar will notify McAsphalt promptly of any actual or anticipated delays in supplying the Products.</li> </ul>
10	<b>Planned and Unplanned Maintenance</b>	<ul style="list-style-type: none"> <li>• Planned maintenance of the Calgary Facility will be incorporated into the Annual Production Nomination</li> </ul>

		<ul style="list-style-type: none"> <li>Unplanned facility outages will be communicated immediately to McAsphalt by Northstar. Northstar will not be accountable for any costs incurred by McAsphalt for failure to deliver Blended Product during any plant outages.</li> </ul>
11	<b>Take or Pay</b>	<ul style="list-style-type: none"> <li>Northstar will not sell any of its Product produced from the Calgary Facility to any other Party, except for third-party sales, as described in Appendix C.</li> <li>McAsphalt will purchase all Product produced at the Calgary Facility except for third-party sales, as described in Appendix C.</li> <li>However, if McAsphalt fails to take the Product according to the agreed schedule, or is rendered unable to take the Product for any reason whatsoever (save force majeure or a cause attributable to Northstar), for a period longer than three (3) consecutive days from the agreed schedule and causes the Calgary Facility to shut down for any reason, then McAsphalt will pay to Northstar a fixed and sole remedy daily fee ( the <b>“Daily Take or Pay Fee”</b> ) equal to the average of the previous 10 days production before its failure to take the Product times the Purchase Price until McAsphalt resumes full offtake of the Blended Product, plus any reasonable and agreed start-up costs required to re-instate full production.</li> <li>Reciprocally, a <b>“Failure to Deliver Fee”</b> to apply if Northstar fails to deliver Products and/or Blended Products as per the quantities/schedule agreed among the parties (same temperament in case of Force Majeure or cause attributable to McAsphalt). The Failure to Deliver Fee is equal to the difference between the Purchase Price and the price that McAsphalt pays to replace the Product, with a maximum payment by Northstar of \$200,000.00 for any one incident.</li> </ul>
12	<b>Logistics</b>	For clarity, Northstar and McAsphalt will work together to determine the most effective and efficient logistics to support the agreed terms, including blending, storage and transportation.
13	<b>Ongoing Planning, Regulatory and Government Agency Support</b>	<p>McAsphalt will support Northstar in planning, regulatory and government agency engagement with respect to the Calgary Facility – to include but not limited to:</p> <ul style="list-style-type: none"> <li>Sustainable Development Technology Canada (<b>“SDTC”</b>)</li> <li>Emissions Reduction Alberta (<b>“ERA”</b>)</li> <li>Calgary Economic Development (<b>“CED”</b>)</li> <li>Alberta Environment and Parks (provide information, as required in regulatory process)</li> <li>City of Calgary (provide information, as required in permitting process)</li> </ul>

14	<b>Lifecycle analysis and carbon credits</b>	<ul style="list-style-type: none"> <li>• Northstar and McAsphalt will work together, where it makes sense after discussion between the Parties, to develop a lifecycle analysis (the “<b>Calgary Facility LCA</b>”) of the carbon dioxide, water and land savings that is achieved through Northstar’s proprietary clean technology to reprocess the Product in comparison to the current case in Calgary, where asphalt shingles are not reprocessed through Northstar’s proprietary clean technology.</li> <li>• The Parties will agree, in writing, the amount to be paid and the resources to be committed by each Party, to the development of a lifecycle analysis of the Product, including the lifecycle impacts of the Product’s use by McAsphalt.</li> <li>• The same will be agreed, where it makes sense after discussion between the Parties, with respect to the development of a protocol to create carbon credits. Should carbon credits be created, the Sustainability Premium will be calculated based on the joint contribution to the protocol development.</li> </ul>
15	<b>Insurance</b>	Northstar and McAsphalt to provide proof of appropriate insurance
16	<b>Indemnification</b>	Mutual indemnification clause, no liability for indirect, consequential, special, exemplary, punitive, or incidental damages.
17	<b>Force Majeure</b>	Details to be agreed.
18	<b>Confidentiality</b>	The contents of this Term Sheet are confidential and each of Northstar and McAsphalt and/or any of their affiliated entities will not disclose any of the contents herein to any other party other than its legal advisors and consultants without the express written consent of the other party, except, to the extent necessary, in the case of Northstar, to fulfill its disclosure obligations under applicable securities law or stock exchange requirements. Under no circumstances will Northstar disclose commercial pricing, production and logistics terms, third-party sales arrangements or Blended Product specifications. Any press releases will be jointly approved and issued by the Parties. The publishing date will be mutually agreed.
19	<b>Governing Law &amp; Jurisdiction</b>	AB laws and Federal laws applicable therein. Dispute mechanism to allow amicable settlement and failure to settle, exclusive jurisdiction to AB Courts.
20	<b>No competition clause</b>	Final agreement will prohibit Northstar to compete with McAsphalt activities and McAsphalt to compete with Northstar activities at the Calgary Facility, unless otherwise agreed by the Parties.

<b>21</b>	<b>Definitive Agreement</b>	Once respective approvals of the Parties are obtained, the Parties will finalize the terms of the definitive agreement within a timeline compatible with the overall project schedule and the engineering inputs expected from McAsphalt to finalize the design of the Blending Facility.
-----------	-----------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

The Parties have executed this Term Sheet by their authorized officers.

**Northstar Clean Technologies Inc.**

By:  /s/ "Aidan Mills"   
 Name: Aidan Mills  
 Title: President & CEO  
 Date: 28<sup>th</sup> Sept 2022

**McAsphalt Industries Limited**

By:  /s/ "Ron Vertz"   
 Name:  Ron Vertz   
 Title: \_\_\_\_\_  
 Date:  29th Sept 2022

**Appendix A: Pricing for Product**

REDACTED

**Appendix B: Specifications**

REDACTED

**Appendix C: Production and Logistics**

REDACTED

**Appendix D: Third-Party Sales Margin Sharing**

REDACTED